

**Company Registration No. SC 437257**

**EDINBURGH HAYMARKET DEVELOPMENTS  
LIMITED**

**Report and Financial Statements**

**31 December 2014**

WEDNESDAY



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# **Edinburgh Haymarket Developments Limited**

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# **Edinburgh Haymarket Developments Limited**

## **Directors' report**

The directors present their annual report and the financial statements for the year ended 31 December 2014.

This Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. Accordingly, no strategic report has been prepared.

### **Activities**

The principal activity of the company is that of a property development company. This activity is not anticipated to change in the foreseeable future.

The company entered into a joint venture agreement on 27 March 2013 with its two shareholders Tiger Developments Limited and Interserve Developments No2 Limited to develop a mixed use property at Haymarket Edinburgh. In addition the company entered into a construction contract with a connected party, Interserve Construction Limited, to develop and construct the site and a funding arrangement with Interserve Developments No2 Limited to finance the development activities.

The company continually assesses the anticipated long term profitability of the project across its full term. At 31 December 2014 the company was performing within this assessment. Post year end the project suffered delays in the construction phase due to additional enabling works required on the tunnels. As a consequence of these delays, in July 2015, the company was informed by its funders, Amber Green SPRUCE 2 LLP, of a breach of the terms of its loan agreement. Since then the company has been involved in discussions in order to address the cause of the breach and to obtain an appropriate waiver. The Directors expect to resolve this in the short term. Non-waiver of the breach of loan arrangement may mean that the loan could be repayable on demand; this constitutes a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern such that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors have considered use of the going concern basis in the preparation of the financial statements after making due enquiry and specifically considering the matters highlighted here and have concluded, notwithstanding the above uncertainty, that it is appropriate to continue to adopt the going concern basis of accounting in preparing these financial statements.

### **Results and dividends**

The results of the company are as set out in the accounts on page 4. No interim dividend was paid during the year and the directors do not recommend a final dividend. A profit of £Nil has been transferred to reserves.

### **Directors**

The directors who served throughout the period and who remain directors as at the date of this report are set out below:

Graham Haydon-White (appointed 20 February 2014)  
John Nesbitt  
Robert Skelston  
Stephen Jones

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

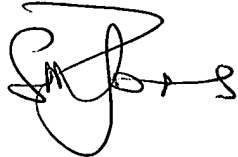
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

# **Edinburgh Haymarket Developments Limited**

## **Directors' report (continued)**

Deloitte LLP have expressed their willingness to continue in office as auditor.

Approved by the Board of Directors  
and signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'S Jones', with a large loop at the start and a horizontal line extending to the right.

S Jones  
Director  
30 September 2015

# **Edinburgh Haymarket Developments Limited**

## **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Independent auditor's report to the members of Edinburgh Haymarket Developments Limited**

We have audited the financial statements of Edinburgh Haymarket Developments Limited for the year ended 31 December 2014 which comprise profit and loss account, the balance sheet and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of the result for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Emphasis of matter – Going concern**

In forming our opinion of the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the company's ability to continue as a going concern. The company breached a term of its loan agreement with Amber Green SPRUCE 2 LLP and is currently involved in discussions to address the cause of the breach and to obtain an appropriate waiver, however this has not yet been obtained. These circumstances constitute a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

# **Independent auditor's report to the members of Edinburgh Haymarket Developments Limited**

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' Report.



Jacqueline Holden FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, England  
30 September 2015

**Edinburgh Haymarket Developments Limited**  
**Profit and loss account year ended 31 December 2014**

		<b>2014</b>	<b>20 November 2012 to 31 December 2013</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
<b>Operating profit</b>		<u>-</u>	<u>-</u>
Net interest payable	3	-	-
<b>Profit on ordinary activities before taxation</b>		<u>-</u>	<u>-</u>
Tax on profit on ordinary activities		-	-
<b>Profit on ordinary activities after taxation</b>		<u>-</u>	<u>-</u>



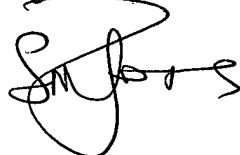
# Edinburgh Haymarket Developments Limited

## Balance Sheet as at 31 December 2014

	Notes	2014 £'000	2013 £'000
<b>Fixed assets</b>			
Tangible assets	4	24,935	11,540
<b>Current Assets</b>			
Debtors due within one year	5	248	-
Cash at bank		338	193
<b>Creditors: amounts falling due within one year</b>	6	(538)	(1,132)
<b>Net current assets/ (liabilities)</b>		48	(939)
<b>Creditors: amounts falling due after one year</b>	7	(24,982)	(10,600)
<b>Net assets</b>		1	1
<b>Capital and reserves</b>			
Called up share capital	8	1	1
Profit and loss account		-	-
<b>Shareholders' funds</b>	9	1	1

The financial statements of Edinburgh Haymarket Developments Limited registered number SC437257 were approved by the Board of Directors and authorised for issue on 30 September 2015.

Signed on behalf of the Board of Directors



S Jones  
Director

# Edinburgh Haymarket Developments Limited

## Notes to the financial statements Year ended 31 December 2014

### 1. Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards. The accounting policies have been consistently applied in the current period.

The particular policies adopted by the directors are described below.

#### Convention

These financial statements have been prepared in accordance with the historic cost convention.

#### Going concern

The financial statements are prepared on the going concern basis. As disclosed on page 1 the directors believe that the company has adequate resources to continue in operational existence for the foreseeable future. Post year end the project suffered delays in the construction phase due to additional enabling works required on the tunnels. As a consequence of these delays, in July 2015, the company was informed by its funders, Amber Green SPRUCE 2 LLP, of a breach of the terms of its loan agreement. Since then the company has been involved in discussions in order to address the cause of the breach and to obtain an appropriate waiver. The Directors' expect to resolve this in the short term. Non-waiver of the breach of the loan arrangement may mean that the loan could be repayable on demand; this constitutes a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern such that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

The Directors have considered use of the going concern basis in the preparation of the financial statements after making due enquiry and specifically considering the matters highlighted here and have concluded, notwithstanding the above uncertainty, that it is appropriate to continue to adopt the going concern basis of accounting in preparing these financial statements.

#### Tangible fixed assets

Tangible asset development properties and other tangible fixed assets are shown at cost less provision for impairment. Costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets and includes the cost of acquisition, professional fees and construction costs.

In the event that a development property is retained as an investment, it is transferred to the investment portfolio at cost less provision for impairment value at the date of the transfer and any loss is recognised in the profit and loss account.

#### Interest Payable

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. During the period of construction, interest charges are capitalised and added to the carrying value of the asset.

#### Cash flow statement

The company has taken advantage of the Financial Reporting Standard No. 1 (revised) exemption for small companies not to prepare a cash flow statement.

### 2. Profit and loss account

The company had no income or expenditure during the period and consequently made neither a profit nor a loss.

The company had no employees during the current period other than the directors. The directors of the company did not receive any remuneration for their services to the company.

The audit fee for the company was £10,000 (2013: £7,500) which has been capitalised.

# Edinburgh Haymarket Developments Limited

## Notes to the financial statements Year ended 31 December 2014

### 3. Net Interest payable

	20 November 2012 to 31 December 2013	
	2014 £'000	£'000
Interest payable and similar charges		
Loan stock interest	1,667	122
Senior Loan interest & fees	221	-
Interest capitalised	(1,888)	(122)
	<u>-</u>	<u>-</u>

### 4. Tangible fixed assets

	Land £'000	Other costs £'000	Total £'000
Investments in development properties:			
As at 1 January 2014	10,400	1,140	11,540
Additions in the year	-	13,395	13,395
	<u>10,400</u>	<u>14,535</u>	<u>24,935</u>
As at 31 December 2014			

Interest capitalised during the period and included in other costs amounted to £1,888,000 (2013: £122,000).

In the opinion of the directors, the aggregate value of the property is not less than the aggregate of the amounts at which they are stated in the balance sheet.

The company has a capital commitment of £8,165,000 (2013: £15,919,000).

### 5. Debtors

	2014 £'000	2013 £'000
<b>Due within one year:</b>		
Prepayments	73	-
Other debtors	175	-
	<u>248</u>	<u>-</u>

# Edinburgh Haymarket Developments Limited

## Notes to the financial statements Year ended 31 December 2014

### 6. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	114	-
Accruals and deferred income	424	1,010
Accrued interest on subordinated loan stock	-	122
	<u>538</u>	<u>1,132</u>

### 7. Creditors: amounts falling due after one year

	2014 £'000	2013 £'000
Senior Loan repayable between two and five years	5,486	-
12% Subordinated loan stock repayable between two and five years	19,496	10,600
	<u>24,982</u>	<u>10,600</u>

The senior loan represents amounts borrowed under a loan agreement with Amber Green SPRUCE 2 LLP. The loan bears interest at a rate of 5.5% repayable by February 2017.

Interest is charged on the subordinated loan stock balance at the rate of 12%. Repayment of the loan stock and interest is dependent on progress within the development and for the purposes of the accounts has been estimated as repayable after 5 years.

### 8. Called up share capital

	2014 £'000	2013 £'000
<b>Authorised</b>		
The company was incorporated with unlimited ordinary shares of £1 each		
<b>Called up, allotted and unpaid</b>		
1,000 ordinary share of £1	<u>1</u>	<u>1</u>

### 9. Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Opening shareholders' funds	1	1
Profit for the period	<u>-</u>	<u>-</u>
Closing shareholders' funds	<u>1</u>	<u>1</u>

# Edinburgh Haymarket Developments Limited

## Notes to the financial statements Year ended 31 December 2014

### 10. Ultimate parent undertaking and related party transactions

The company is incorporated and domiciled in Great Britain, and its registered office is Interserve House, Almondview Business Park, Almondview, Livingston EH54 6SF. In the directors' opinion there is no ultimate controlling party. The ultimate shareholders are Interserve plc and Tiger Developments Limited.

	Amounts received during the year ended 31 December 2014 £'000	Amounts payable at 31 December 2014 £'000	Amounts received / (purchased) during the year ended 31 December 2013 £'000	Amounts payable at 31 December 2013 £'000
Interserve Developments No 2 Limited				
Transaction costs reimbursed	-	-	1,000	-
Subordinated debt injection	7,107	17,707	10,600	10,600
Subordinated debt interest	1,667	1,789	122	122
Interserve Investments Ltd Invoices	1,073	88	-	-
Interserve Construction Ltd Invoices	7,754	-	-	-
Tiger Haymarket No 1 Limited				
Acquisition of Land	130	130	(10,000)	-
Development Management costs	271			
	<u>18,002</u>	<u>19,714</u>	<u>1,722</u>	<u>10,722</u>

Tiger Haymarket No1 Limited is a wholly-owned subsidiary of Tiger Developments Limited. Interserve Developments No 2 Limited, Interserve Investments Limited & Interserve Construction Limited are wholly-owned subsidiaries of Interserve plc.